

Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 OMB-01 OPIC-03

L-03 FEA-01 INT-05 CIAE-00 INR-07 NSAE-00 SS-15 NSC-05

EUR-12 /068 W

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R 201510Z AUG 76

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 9253

INFO AMEMBASSY BRUSELS

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E.O. 11652: N/A

TAGS: EINV ENRG CG

SUBJ: MOBIL COMPENSATION CLAIM

REF: A. KINSHASA 6939, B. STATE 205654

1. CHARGE HAS DISCUSSED LETTER FROM GOZ TO MOBIL (REF B) WITH MAMBU, GOZ MINISTER OF PORTEFEUILLE (PARASTATAL ORGANIZATION) AND MEMBER OF GOZ STABILIZATION COMMISSION. CHARGE OBSERVED THAT MODALITY OF COMPENSATION DESCRIBED IN LETTER IS NOT IN ACCORDANCE WITH PREVIOUS AGREEMENT. MAMBU REPLIED THAT HE WAS AWARE OF SUCH BUT THAT THE FORMULA IN LETTER WAS SIMILAR TO THAT OFFERED ALL OTHER INSTANCES; I.E. GOZ HAS OFFERED TO RETURN 40 PERCENT EQUITY OWNERSHIP AND PAY COMPENSATION FROM HALF OF PROFITS OF REMAINING 60 PERCENT. IN ENSUING DEBATE, WHEREIN CHARGE ARGUED FOR PREVIOUSLY AGREED FORMULA, MAMBU STATED THAT GOZ WAS SIMPLY NOT IN A POSITION TO PAY COMPENSATION MORE EXPEDITIOUSLY AS TOTAL CLAIMS FOR 60 PERCENT RETAINED BY GOZ FOR ALL COMPANIES IS APPROX \$400 MILLION. GOZ CANNOT ESTABLISH PRECEDENT IN CASE OF OIL COMPANIES WHICH WOULD BE APPLICABLE IN OTHER CASES, HE SAID.

2. MAMBU ALSO INSISTED THAT ALL OTHER PETROLEUM COMPANIES EXCEPT MOBIL HAD REPLIED FAVORABLY TO GOZ LETTER AND THUS IMPOLIEDLY
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ACCEPTED COMPENSATION FORMULA CONTAINED IN LETTER. WE HAVE BEEN

UNABLE TO CONFIRM THIS FROM LOCAL REPS BUT SUGGEST THAT MOBIL MIGHT WISH TO CHECK WITH PETROFINA, SHELL AND TEXACO.

3. COMMENT: AS DEPT IS WELL AWARE, GOZ BALANCE OF PAYMENTS PROBLEMS ARE ACUTE AND IT IS UNLIKELY TO BE ABLE TO PAY ANY SIGNIFICANT AMOUNT OF COMPENSATION FOR AT LEAST SEVERAL YEARS. FURTHERMORE, WE FIND IT DIFFICULT TO DISAGREE WITH GOZ CONCERN THAT ALL COMPANIES RECEIVE COMPARABLE TREATMENT. THEREFORE, BEST COURSE OF ACTION TO US APPEARS FOR MOBIL AND TEXACO TO PROCEED ASAP WITH FORMATION OF NEW COMPANIES. IN FORMATION OF THESE COMPANIES, WE SUGGEST THAT THEY PRESS FOR A CLAUSE WHEREBY THE GOZ WOULD AGREE TO PERIODIC REVIEWS OF PRICING STRUCTURE TO DETERMINE IF PROFITS ARE SUFFICIENT TO ENABLE COMPANIES TO RECEIVE COMPENSATION IN SPECIFIED TIME FRAME. ANOTHER POSSIBILITY MIGHT BE FOR COMPANIES TO RELATE PAYMENT OF COMPENSATION TO POSSIBLE NEW INVESTMENT IN ZAIRE IF THEY HAVE PLANS FOR SUCH. IN SUM, WE URGE PETROLEUM COMPANIES TO SEARCH FOR COMPENSATION FORMULA WHICH COULD NOT BE USED AS PRECEDENT BY OTHER COMPANIES.

WALKER

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NNN

Message Attributes

Automatic Decaptioning: X
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Concepts: COMPENSATION, NATIONALIZATION, PETROLEUM, DEBT REPAYMENTS
Control Number: n/a
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Draft Date: 20 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
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Margaret P. Grafeld
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